

EUROTECH: CONSOLIDATED INTERIM MANAGEMENT REPORT AS AT SEPTEMBER 30, 2022 APPROVED BY THE BOARD OF DIRECTORS

EBITDA was positive in the third quarter thanks to double-digit organic revenue growth and first margin recovery of 370 bps over the second quarter. EBITDA for the nine months was positive too.

Amaro (Italy), 14 November 2022

- Consolidated revenues of € 59.8 million (€ 44.0 million as at 30.09.2021, +36.1%)
- Consolidated gross profit of € 26.8 million and 44.8% of revenues (€ 20.8 million and 47.4% of revenues as at 30.09.2021)
- Consolidated EBITDA of € 0.5 million (€ -3.1 million as at 30.09.2021)
- Consolidated EBIT of € -3.2 million (€ -6.5 million as at 30.09.2021)
- Group net income of € -3.7 million (€ -6.9 million as at 30.09.2021)
- Net financial position of € 15.7 million (€ -6.2 million as at 31.12.2021)

The Board of Directors of Eurotech S.p.A. today examined and approved the results for the first nine months of 2022.

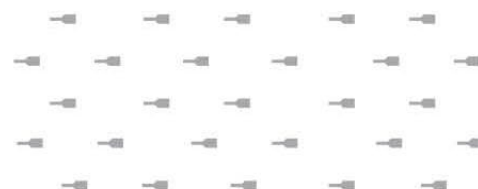
Trend of the period

The first nine months of 2022 showed revenues growing organically by 32.8% year-on-year (26.8% at constant exchange rates). Including the contribution of the newly acquired InoNet, growth rises to 36.1 % (29.9% at constant exchange rates).

As already observed in the first six months of the year, the embedded business played a crucial role in revenue growth, as expected by management for the year. Organic business growth in the Edge IoT showed a rate of about 21.4%, while overall growth in the nine months rose to 41.6% due to the contribution of InoNet for the month of September alone.

Planned undelivered orders due to unavailability of electronic components amount to approximately 2 million euros. A portion of these delays will be recoverable in the next quarter.

In the third quarter, the operating structure again devoted a great deal of resources and energy to the timely procurement of electronic components needed to finalize the production of



orders in the backlog. Opportunities for advance purchase of critical components were seized, accepting an increase in inventories beyond our traditional operating parameters.

The activation of operating leverage in the third quarter enabled the achievement of an adjusted EBITDA at 12% of revenues, a value that allowed the complete recovery of the negative EBITDA of the first two quarters.

This result was also made possible by a first margin at 47.9% in the third quarter, up 370 bps from the second quarter thanks to actions to raise prices, redesign some products which use critical components, and targeted actions on the supply chain.

Economic performance of the Eurotech Group

Consolidated revenues in the first nine months of 2022 were €59.83 million, compared to €43.95 million in the nine months of 2021, an increase of 36.1% (+32.8% at constant exchange rates).

Net of inter-company sales, the United States generated 44.3% of total sales (nine months 2021: 47.9%) followed by Japan with 34.1% (nine months 2021: 29.2%), while the European region accounted for the remaining 21.7% (nine months 2021: 22.9%).

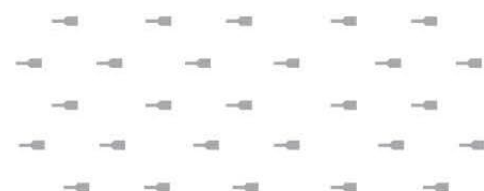
The Japanese area expressed the highest year-on-year growth due to the strong order intake from customers in the field of chip-making machines.

The U.S. area also grew in double digit on the back of the trend in the traditional embedded business, as already seen during 2021.

Thanks to the acceleration in the third quarter of the Edge Computing systems business for applications in autonomous driving, the European area also achieved double-digit growth in line with other areas.

The **gross profit margin** for the period under review, as a percentage of sales, stood at 44.8% and compares with a figure of 46.7% in the twelve months of 2021 and a value of 47.4% in the first nine months of 2021. The trend of the first margin is in a steady increase and normalization: the first quarter had recorded a value of 40.9%, the second quarter expressed a value of 44.2%, and the third quarter showed a value of 47.9%.

Operating costs before adjustments made and net of nonrecurring costs amounted to €27.48 million, and compares with €25.06 million in the first six months of 2021. The increase of €2.42



million includes one-off recruiting costs of €0.5 million and non-recurring costs for the acquisition of InoNet of €0.9 million. The trend in operating costs is in line with the plan to align the operating structure with the strategy.

EBITDA amounted to € 0.49 million (0.8% of revenues), compared to €-3.11 million in 2021 (-7.1% of revenues). Net of non-recurring costs, adjusted EBITDA for the first nine months of 2022 was €1.41 million (2.4% of revenues), compared to €-1.64 million in 2021 (-3.7% of revenues). Also for the EBITDA, over the quarters there was an improving trend: the first quarter had expressed a value of €-1.00 million, the second quarter stood at €-0.57 million, and the third quarter reached a value of €2.05 million.

EBIT, or operating income for the year, was €-3.17 million (-5.3% of revenues), compared to €-6.53 million in 2021 (-14.9% of revenues).

In terms of **Group net income**, the figure for the first nine months was € -3.74 million (-6.3% of revenues), while it was € -6.89 million in the same period of 2021 (-15.7% of revenues).

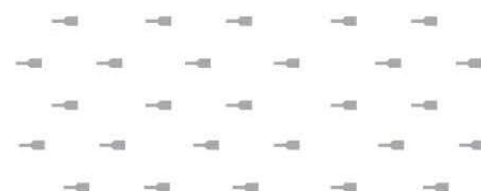
Balance sheet and financial situation of the Eurotech Group

As of 30 June 2022, the Group had a **net financial position** with a net debt of €15.7 million, compared to a net cash amount of €6.2 million as of 31 December 2021. The change in net financial position was mainly due to three factors: for €10.37 million for the cash outflow for the payment of the purchase of InoNet, for €4.0 million for the consolidation of InoNet's net financial position, and for €8.8 million for the increase in working capital related to the increase in inventories.

The Group's **cash and cash equivalents** amounted to €14.8 million as of September 30, 2022, while they were €31.7 million at the end of 2021.

Net working capital amounted to €19.2 million as of September 30, 2022, compared to €13.4 as of June 30, 2022 and €10.4 million as of December 31, 2021. The growth in working capital is related to the change in the scope of consolidation due to the entry of InoNet for €2.3 million and to the dynamics of component purchases to maximize production from the existing order book. The ratio of net working capital to pro-forma sales for the last 12 rolling months - i. e., including InoNet virtually for the entire period - stands at 20.2%.

Group shareholders' equity amounts to Euro 108.3 million (Euro 110.4 million as of December 31, 2021).



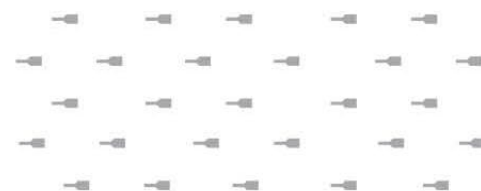
Foreseeable evolution of operations

Visibility for the year 2022 given by the order backlog is at about 87M€ for the historical consolidation perimeter and confirms the possibility of a double-digit organic revenue growth over the twelve months. The inorganic growth contribution from the newly acquired InoNet for the year 2022 is estimated at €4-5 million.

Initiatives to mitigate the electronic component shortage problem activated between the end of 2021 and the beginning of 2022 have produced the desired effects and the indicators that management monitors suggest that the upward trend in the first margin will continue also in the fourth quarter. In addition, in the second half of the year, the sales mix will benefit from the revival of business on Edge AI systems for research on self-driving vehicles.

During the fourth quarter, the entry of new personnel in the Marketing&Sales and Research&Development areas, whose hiring has already been contractually defined in the first half of the year, will materialize. Thus, the process of changing the organization to align it with the needs of implementing the outlined strategy will continue.

The Manager in charge of drawing up the corporate accounting documents, Sandro Barazza, hereby certifies, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records of the company.



Eurotech

Eurotech (ETH:IM) is a multinational company that designs, develops and delivers Edge Computers and Internet of Things (IoT) solutions complete with services, software and hardware to system integrators and enterprises. By adopting Eurotech's solutions, customers have access to components and software platforms for IoT, Edge Gateways to enable asset monitoring, and high-performance Edge Computer for applications including Artificial Intelligence (Edge AI). To offer more and more complete solutions Eurotech has activated partnerships with leading companies in their field of action, thus creating a global ecosystem that allows it to create "best in class" solutions for the Industrial Internet of Things. [More information: www.eurotech.com](http://www.eurotech.com)

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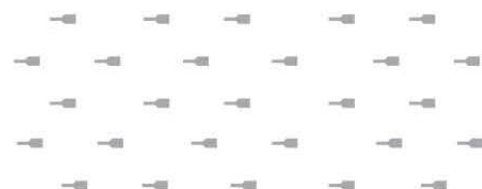
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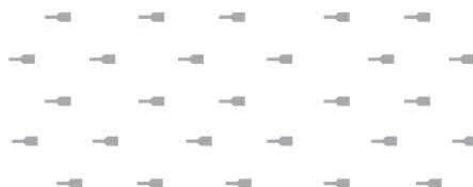
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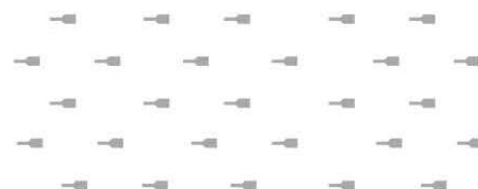
ANNEXES - ACCOUNTING SCHEDULES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ '000)	9M 2022 (b)	of which non recurrent	%	9M 2021 (a)	of which non recurrent	%	change (b-a) amount	%
Sales revenue	59,825		100.0%	43,954		100.0%	15,871	36.1%
Cost of material	(33,032)		-55.2%	(23,132)		-52.6%	9,900	42.8%
Gross profit	26,793		44.8%	20,822		47.4%	5,971	28.7%
Services costs	(11,081)	(920)	-18.5%	(10,169)	(1,270)	-23.1%	912	9.0%
Lease & hire costs	(624)		-1.0%	(293)		-0.7%	331	113.0%
Payroll costs	(16,183)	-	-27.1%	(15,236)		-34.7%	947	6.2%
Other provisions and costs	(515)	-	-0.9%	(837)	(202)	-1.9%	(322)	-38.5%
Other revenues	2,097		3.5%	2,600		5.9%	(503)	-19.3%
EBITDA	487	(920)	0.8%	(3,113)	(1,472)	-7.1%	3,600	-115.6%
Depreciation & Amortization	(3,660)		-6.1%	(3,418)		-7.8%	242	7.1%
Asset impairment	0	-	0.0%	0		0.0%	0	n/a
EBIT	(3,173)	(920)	-5.3%	(6,531)	(1,472)	-14.9%	3,358	51.4%
Finance expense	(2,297)		-3.8%	(900)		-2.0%	1,397	155.2%
Finance income	2,108		3.5%	589		1.3%	1,519	257.9%
Profit before tax	(3,362)	(920)	-5.6%	(6,842)	(1,472)	-15.6%	3,480	50.9%
Income tax	(380)		-0.6%	(47)		-0.1%	333	n.s.
Net profit (loss) of continuing operations before minority interest	(3,742)	(920)	-6.3%	(6,889)	(1,472)	-15.7%	3,147	45.7%
Minority interest	-		0.0%	-		0.0%	-	n/a
Group net profit (loss) for period	(3,742)	(920)	-6.3%	(6,889)	(1,472)	-15.7%	3,147	45.7%
Base earnings per share	(0.106)			(0.195)				
Diluted earnings per share	(0.106)			(0.195)				

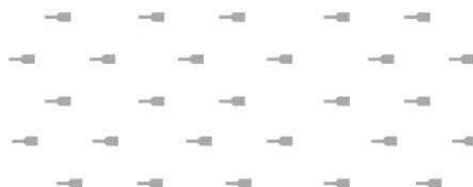


(€ '000)	3rd Qtr 2022	of which non recurrent	%	3rd Qtr 2021	of which non recurrent	%
Sales revenue	25,084		100%	17,224		100%
Cost of material	(13,070)		-52.1%	(9,606)		-55.8%
Gross profit	12,014		47.9%	7,618		44.2%
Services costs	(4,355)	(920)	-17.4%	(2,984)	(57)	-17.3%
Lease & hire costs	(254)		-1.0%	(84)		-0.5%
Payroll costs	(5,755)		-22.9%	(5,082)		-29.5%
Other provisions and costs	(137)		-0.5%	(227)		-1.3%
Other revenues	540		2.2%	766		4.4%
EBITDA	2,053		8.2%	7		0.0%
Depreciation & Amortization	(1,236)		-4.9%	(1,126)		-6.5%
Asset impairment	0		0.0%	0		0.0%
EBIT	817		3.3%	(1,119)		-6.5%
Finance expense	(1,008)		-4.0%	(95)		-0.6%
Finance income	1,147		4.6%	158		0.9%
Profit before tax	956		3.8%	(1,056)		-6.1%
Income tax	(435)		-1.7%	(72)		-0.4%
Net profit (loss) of continuing operations before minority interest	521		2.1%	(1,128)		-6.5%
Minority interest	0		0.0%	0		0.0%
Group net profit (loss) for period	521		2.1%	(1,128)		-6.5%



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at September 30, 2022	at December 31, 2021
ASSETS		
Intangible assets	95,517	88,043
Property, Plant and equipment	7,956	5,229
Investments in other companies	560	542
Deferred tax assets	6,957	6,504
affiliates companies and other Group companies	72	62
Other non-current assets	568	620
Total non-current assets	111,630	101,000
Inventories	30,422	17,646
Trade receivables	16,178	11,280
Income tax receivables	751	801
Other current assets	1,595	2,130
Other current financial assets	139	123
Derivative instruments	196	4
Cash & cash equivalents	14,827	31,704
Total current assets	64,108	63,688
Non-current assets classified as held for sale	-	365
Total assets	175,738	165,053
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(36,940)	(34,843)
Group shareholders' equity	108,339	110,436
Equity attributable to minority interest	-	-
Total shareholders' equity	108,339	110,436
Medium-/long-term borrowing	14,678	17,535
Employee benefit obligations	2,720	2,844
Deferred tax liabilities	3,047	3,200
Other non-current liabilities	981	1,477
Business combination liabilities	900	-
Total non-current liabilities	22,326	25,056
Trade payables	21,693	13,005
Short-term borrowing	15,356	8,137
Derivative instruments	-	11
Income tax liabilities	917	215
Other current liabilities	7,107	8,193
Total current liabilities	45,073	29,561
Total liabilities	67,399	54,617
Total liabilities and equity	175,738	165,053

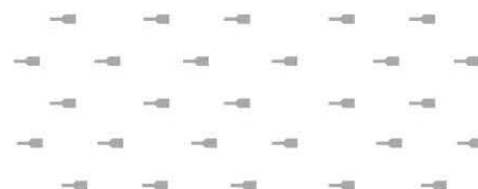


STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority shareholders interest	Total shareholders' equity
Balance as at December 31, 2021	8,879	1,776	136,400	10,284	(39,731)	(6)	(621)	4,074	(211)	(10,408)	110,436	-	110,436
2021 Result allocation	-	-	-	-	(10,408)	-	-	-	-	10,408	-	-	-
Profit (loss) as at September 30, 2022	-	-	-	-	-	-	-	-	-	(3,742)	(3,742)	-	(3,742)
<i>Comprehensive other profit (loss):</i>													
- Hedge transactions	-	-	-	-	-	202	-	-	-	-	202	-	202
- Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign balance sheets conversion difference	-	-	-	(3,841)	-	-	-	-	-	-	(3,841)	-	(3,841)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	5,020	-	-	5,020	-	5,020
Total Comprehensive result	-	-	-	(3,841)	-	202	-	5,020	-	(3,742)	(2,361)	-	(2,361)
- Performance Share Plan	-	-	-	-	264	-	-	-	-	-	264	-	264
Balance as at September 30, 2022	8,879	1,776	136,400	6,443	(49,875)	196	(621)	9,094	(211)	(3,742)	108,339	-	108,339

CONDENSED CASH FLOW STATEMENT

(€'000)		at September 30, 2022	at December 31, 2021	at September 30, 2021
Cash flow generated (used) in operations	A	(6,041)	3,279	824
Cash flow generated (used) in investment activities	B	(11,278)	(5,274)	(4,353)
Cash flow generated (absorbed) by financial assets	C	(267)	(8,059)	(4,707)
Net foreign exchange difference	D	709	536	453
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(16,877)	(9,518)	(7,783)
Opening amount in cash & cash equivalents		31,704	41,222	41,222
Cash & cash equivalents at end of period		14,827	31,704	33,439



NET FINANCIAL POSITION

(€'000)		at September 30, 2022	at December 31, 2021	at September 30, 2021
Cash	A	(14,827)	(31,704)	(33,439)
Cash equivalents	B	-	-	-
Other current financial assets	C	(335)	(123)	(121)
Cash equivalent	D=A+B+C	(15,162)	(31,827)	(33,560)
Current financial debt	E	2,241	99	152
Current portion of non-current financial debt	F	13,115	8,045	8,311
Short-term financial position	G=E+F	15,356	8,144	8,463
Short-term net financial position	H=G+D	194	(23,683)	(25,097)
Non current financial debt	I	14,678	17,535	20,335
Debt instrument	J	-	-	-
Trade payables and other non-current payables	K	900	-	-
Medium-/long-term net financial position	L=I+J+K	15,578	17,535	20,335
(NET FINANCIAL POSITION) NET DEBT ESMA	M=H+L	15,772	(6,148)	(4,762)
Medium/long term borrowing allowed to affiliates companies and other Group companies	N	(72)	(62)	(61)
(NET FINANCIAL POSITION) NET DEBT	O=M+N	15,700	(6,210)	(4,823)

NET WORKING CAPITAL

(€'000)	September 30, 2022 (b)	at December 31, 2021 (a)	September 30, 2021	Changes (b-a)
Inventories	30,422	17,646	18,546	12,776
Trade receivables	16,178	11,280	10,275	4,898
Income tax receivables	751	801	1,744	(50)
Other current assets	1,595	2,130	2,201	(535)
Current assets	48,946	31,857	32,766	17,089
Trade payables	(21,693)	(13,005)	(11,523)	(8,688)
Income tax liabilities	(917)	(215)	(268)	(702)
Other current liabilities	(7,107)	(8,193)	(7,924)	1,086
Current liabilities	(29,717)	(21,413)	(19,715)	(8,304)
Net working capital	19,229	10,444	13,051	8,785

